

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 PA-02 PRS-01 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 /080 W
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R 072000Z FEB 75

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 5994

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

USIA WASHDC

UNCLAS SAO PAULO 360

E.O. 11652: N/A

TAGS: ETRD BR

THE FOLLOWING IS A SUMMARY OF COMMENTS ON THE TRADE
ACT BY FINANCE MINISTER MARIO SIMONSEN MADE ON
FEBRUARY 6 AT MEETING ATTENDED BY USIS SAO PAULO
INFORMATION OFFICER

IN A MEETING YESTERDAY WITH THE SAO PAULO ASSOCIATION
OF ECONOMIC JOURNALISTS, FINANCE MINISTER MARIO
SIMONSEN, IN RESPONSE TO A QUESTION FROM GAZETA MERCANTIL'S
KLAUS KLEBER, CHARACTERIZED THE NEW U.S. TRADE BILL
AS "NEGATIVE" FOR BRAZIL, BUT NOT MUCH WORSE THAN
PROTECTIONIST MEASURES APPLIED BY THE UNITED STATES
PRIOR TO PASSAGE OF THE BILL. HE REFERRED TO THE BILL
AS AN INSTITUTIONALIZATION OF THE COUNTERVAILING DUTY
CONCEPT.

SIMONSEN ALSO REFERRED TO THE BILL AS A DISAPPOINTMENT
BECAUSE IT HAD BEEN ANNOUNCED IN LATIN AMERICA AS A
TRADE LIBERALIZATION BILL, WHICH, ACCORDING TO
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SIMONSEN, IT IS NOT.

IN REPLY TO A FOLLOW-UP QUESTION, SIMONSEN ADMITTED THAT BRAZIL AND THE UNITED STATES MAY HAVE A PROBLEM WITH LEATHER HANDBAGS SIMILAR TO LAST YEAR'S DISPUTE OVER SHOES. BUT AFTER A DETAILED EXPLANATION OF THE PROCESS FOLLOWED IN THE PAST FOR COUNTERVAILING DUTY NEGOTIATIONS AND HIS INTERPRETATIONS OF THE IMPLICATIONS OF THE TRADE BILL IN THIS AREA, HE EXPLAINED THAT THE COUNTERVAILING DUTIES WHICH AVERAGE

4.5 PERCENT, HAVE NOT BEEN TOO HARMFUL FOR BRAZIL. "THE AMERICAN CONSUMER IS NOW PAYING MORE FOR SHOES", HE ADDED.

WHEN QUESTIONED ABOUT GOB SUPPORT OF EXPORTS, HE ADMITTED THAT VIRTUALLY ALL BRAZILIAN EXPORTS ARE SUBSIDIZED, AND QUIPPED "DON'T SAY THAT IN THE NEWSPAPERS, BECAUSE THE AMERICANS WILL COME UP WITH MORE COUNTERVAILING DUTIES FOR US". HE ALSO STATED THAT PRESIDENT GEISEL WILL STICK TO HIS PROMISE TO ABOLISH ALL GOVERNMENT SUBSIDIES OF EXPORTS BY 1979, WHEN HIS TERM EXPIRES.

SIMONSEN CONCLUDED HIS DISCUSSION OF EXPORTS WITH A NOTE OF CAUTION. CITING PRESIDENT FORD'S STATE OF THE UNION MESSAGE, HE WARNED THAT BRAZIL SHOULD NOT EXPECT BLUE SKIES WHEN THE PROSPECT FOR THE REST OF THE WORLD IS CLOUDY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, PRESS CONFERENCES, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SAOPA00360
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750046-0577
From: SAO PAULO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750262/aaaacdou.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2003 by MarshK0>; APPROVED <07 JAN 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IDIZED, AND QUIPPED "DON'T SAY THAT IN THE NEWSPAPERS, BECAUSE THE AMERICANS WILL COME UP WITH
TAGS: ETRD, BR, US, (SIMONSEN, MARIO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006